

KEPPEL OPP'N EXH. 102

From: lijh_t@china-inv.cn
To: luiz.reis@lakeshorepartners.com.br; Ivan Hong
CC: liuyy@china-inv.cn; Kevin Corrigan
Sent: 9/26/2011 6:24:12 AM
Subject: 答复: 转发: Sete
Attachments: Sete Funding Analysis_Sep 26.xls

Hi Luiz, Ivan,

Thanks for sending over the equity funding analysis. We previously did a similar analysis based on the IM figures and there are a few numbers we cant match.

In particular, the capex figure of US\$ 22.4bn vs US\$ 25.6bn from the IM.

Can you take a look at the attached excel and help us understand the difference? (feel free to make direct edits in the excel)

I also have typed up a few other more minor questions in the excel.

Thanks,
Kevin

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日期:	2011-09-26 15:26
主题:	转发: Sete

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发件人:	luiz.reis@lakeshorepartners.com.br
收件人:	liuyy@china-inv.cn
抄送:	
日期:	2011-09-24 07:15

主地:

Sete

Dear Yangyang,

As requested by you, I have prepared the equity scenarios for Sete Brasil in the case of 21 new drillships and 14 new drillships.

21 New Drillships

Assumptions:

Capex USD 800 mln per drillship

Exchange Rate Dollar/Real: 1,75

Participation of Class B shareholders:

For the original 7 drillships - 15%

For the new 21 drillships - 20%

Mezzanine financing from Caixa Economica Federal - BRL 1.8 bln

Equity from Caixa Economica Federal - BRL 700 mln

Capital Structure: Equity + Sub-debt: 20%, Debt: 80%

Existing Equity Commitment: BRL 1,9 bln

Total Capex (for 28 rigs): USD 22.4 bln

Total Capex in Reais: BRL 39.2 bln

Total Equity + Mezzanine Financing: BRL 7.84 bln

Equity from Class B shareholders: BRL 294 mln (for the original seven drillships) and BRL 1.176 bln (for the new 21 drillships): BRL 1.47 bln

Total Equity + Mezzanine Financing requirements less the Equity coming from Class B shareholders: BRL 6.37 bln

Total Equity less the Mezzanine Financing from Caixa Economica Federal: BRL 4.57 bln

Total Equity less than existing Equity Committed: BRL 2.67 bln

Estimated Preemptive Rights from Existing Shareholders: BRL 1.050 mln (My own estimations: Previ: BRL 260 mln, Funcef: BRL 100 mln, Petros: BRL 150 mln, Bradesco: BRL 100 mln, BTG Pactual: BRL 300 mln,

Petrobras: BRL 140 mln Valia: BRL 0 mln, Santander: 0 mln)

Total Equity less Preemptive Rights: BRL 1.620 bln

Existing Committed New Shareholders:

Luce Drilling (Aldo): BRL 250 mln

EIG: BRL 500 mln

Total Equity less Existing Committed Shareholders: BRL 870 mln

Existing Soft Commitments:

Smaller Pension Funds: BRL 200 mln

Caixa Economica Federal: BRL 700 mln

NY Investor: BRL 250 - 500 mln

Total Equity less Soft Commitments: (BRL 280 mln)

14 New Drillships

Assumptions:

Capex USD 800 mln per drillship

Exchange Rate Dollar/Real: 1,75

Participation of Class B shareholders:

For the original 7 drillships - 15%

For the new 21 drillships - 20%

Mezzanine financing from Caixa Economica Federal - BRL 1.35 bln

Equity from Caixa Economica Federal - BRL 450 mln

Capital Structure: Equity + Sub-debt: 20%, Debt: 80%

Existing Equity Commitment: BRL 1,9 bln

Total Capex (for 28 rigs): USD 16.8 bln

Total Capex in Reais: BRL 29.4 bln

Total Equity + Mezzanine Financing: BRL 5.88 bln

Equity from Class B shareholders: BRL 294 mln (for the original seven drillships) and BRL 784 mln (for the new 14 drillships): BRL 1.078 bln

Total Equity + Mezzanine Financing requirements less the Equity coming from Class B shareholders: BRL 4.810 bln

Total Equity less the Mezzanine Financing from Caixa Economica Federal: BRL 3.46 bln

Total Equity less than existing Equity Committed: BRL 1.560 bln

Estimated Preemptive Rights from Existing Shareholders: BRL 750 mln (My own estimations: Previ: BRL 160 mln, Funcef: BRL 60 mln, Petros: BRL 150 mln, Bradesco: BRL 100 mln, BTG Pactual: BRL 200 mln, Petrobras: BRL 80 mln Valia: BRL 0 mln, Santander: 0 mln)

Total Equity less Preemptive Rights: BRL 810 bln

Existing Committed New Shareholders:

Luce Drilling (Aldo): BRL 250 mln

EIG: BRL 500 mln

Total Equity less Existing Committed Shareholders: BRL 60 mln

Existing Soft Commitments:

Smaller Pension Funds: BRL 200 mln

Caixa Economica Federal: BRL 700 mln

NY Investor: BRL 250 - 500 mln

Total Equity less Soft Commitments: (BRL 1.090 mln)

I hope this helps. If CIC is interested to do the transaction, I would encourage you to make contact with Sete in writing before the bid (October 3rd) and clearly show such interest. As you can see, Caixa Economica Federal will have a significant stake in the transaction, but they are not yet approved. If you could show your strong interest prior to the bid and approve your investment before Caixa Economica Federal, I commit to you that I will do my best to allocate you in the transaction.

I hope this helps.

Best,

Luiz

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Inputs

Capex Case	1	1 = Sep 11 IM Figures; 2 = Aug 11 Sete Model; 3 = Latest Case (TBD)
Round 2 Bidding Case	21 Rigs	
Assumed R\$:US\$	1.75	

Main Clarification Points

1. Total Capex of US\$ 22.4bn vs. US\$ 25.6bn in IM (update the column in blue on the right if \$22.4bn is correct)
2. Round 1 Commitment of US\$ 1.9bn vs. US\$ 1.8bn (from EIG). Please refer to table below
3. In your email, for 14 new rig case, confirm the equity from Caixa should be R\$ 450MM? (not \$700M) per the calculation at the end.
4. Equity from Class B = US\$ 123MM in IM (R\$ 215MM) vs. R\$ 294MM in email. Please confirm

Sources and Uses and Equity Funding

Based on IM Figures as of Sep 2011

Round 1 (7 rigs)

Units in millions unless otherwise stated

Uses	R\$	US\$	% Total
EPC	8,115	4,637	83.8%
EPC Indexation	1,345	768	10.7%
Start-up Equipment	184	105	1.9%
FGCN Insurance	46	26	0.5%
Work Inspection	102	58	1.1%
Insurance	139	79	1.5%
Financial Costs	76	44	0.5%
Total Uses	10,007	5,718	100.0%

Round 2 (21 rigs)

Units in millions unless otherwise stated

Uses	R\$	US\$	% Total
EPC	29,503	16,859	84.8%
EPC Indexation	2,521	1,441	7.2%
Start-up Equipment	1,103	630	3.2%
FGCN Insurance	133	76	0.4%
Work Inspection	882	504	2.5%
Insurance	497	284	1.4%
Financial Costs	168	96	0.5%
Total Uses	34,806	19,889	100.0%

Total (28 rigs)

Units in millions unless otherwise stated

Uses	R\$	US\$	% Total
EPC	37,618	21,496	83.9%
EPC Indexation	3,866	2,209	8.6%
Start-up Equipment	1,286	735	2.9%
FGCN Insurance	179	102	0.4%
Work Inspection	984	562	2.2%
Insurance	636	363	1.4%
Financial Costs	244	139	0.5%
Total Uses	44,813	25,607	100.0%

Round 1 Avg Rig Cost

662

Sources	R\$	US\$	% Total
BNDES	4,503	2,573	45.0%
ECAs	2,001	1,144	20.0%
Bancos Comerciais	1,501	858	15.0%
Caixa Subdebt	570	326	5.7%
Total Debt	8,576	4,900	85.7%
Equity Class A	1,216	695	12.2%
Petrobras	122	70	1.2%
FIP Sondas	1,095	626	10.9%
Equity Class B	215	123	2.1%
Total Equity	1,431	818	14.3%
Total Sources	10,007	5,718	100.0%

Round 2 Avg Rig Cost

803

Sources	R\$	US\$	% Total
BNDES	15,663	8,950	45.0%
ECAs	6,961	3,978	20.0%
Bancos Comerciais	5,221	2,983	15.0%
Caixa Subdebt	1,984	1,134	5.7%
Total Debt	29,829	17,045	85.7%
Equity Class A	3,957	2,261	11.4%
Petrobras	396	226	1.1%
FIP Sondas	3,561	2,035	10.2%
Equity Class B	1,020	583	2.9%
Total Equity	4,977	2,844	14.3%
Total Sources	34,806	19,889	100.0%

995.46

Sources	R\$	US\$	% Total
BNDES	20,166	11,523	45.0%
ECAs	8,963	5,121	20.0%
Bancos Comerciais	6,722	3,841	15.0%
Caixa Subdebt	2,554	1,460	5.7%
Total Debt	38,405	21,946	85.7%
Equity Class A	5,173	2,956	11.5%
Petrobras	517	296	1.2%
FIP Sondas	4,656	2,661	10.4%
Equity Class B	1,235	706	2.8%
Total Equity	6,408	3,662	14.3%
Total Sources	44,813	25,607	100.0%

Equity Consortium (28 rigs)

Units in millions unless otherwise stated

	First Close			Second Close			Total		
	R\$	US\$	%	R\$	US\$	%	R\$	US\$	%
First Close Investors									
Petros	350	200	17.2%	150	86	3.4%	500	286	7.8%
Funcef	350	200	17.2%	100	57	2.3%	450	257	7.0%
Banco Bradesco	250	143	12.3%	100	57	2.3%	350	200	5.5%
BTG Pactual	250	143	12.3%	300	171	6.9%	550	314	8.6%
Banco Santander	250	143	12.3%	-	-	0.0%	250	143	3.9%
Previ	180	103	8.8%	260	149	5.9%	440	251	6.9%
Valia	100	57	4.9%	-	-	0.0%	100	57	1.6%
Lakeshore	1	1	0.0%	-	-	0.0%	1	1	0.0%
Petrobras	91	52	4.5%	140	80	3.2%	231	132	3.6%
First Close Investors	1,822	1,041	89.5%	1,050	600	24.0%	2,872	1,641	44.8%
Second Close Investors (Committed)									
EIG				500	286	11.4%	500	286	7.8%
Aldo Flores				250	143	5.7%	250	143	3.9%
Second Close Investors (Committed)				750	429	17.2%	750	429	11.7%
Second Close Investors (Soft Commitment)									
CIC [TBD]				[0]	[0]	0.0%	-	-	0.0%
Caixa				[700]	400	16.0%	700	400	10.9%
Smaller Pension Funds				[200]	114	4.6%	200	114	3.1%
NY Investor				[250]	143	5.7%	250	143	3.9%
Other Investors (TBD)				[401]	[229]	9.2%	401	229	6.3%
Second Close Investors (Soft Commitment)				1,551	886	35.5%	1,551	886	24.2%
Total Class A Equity	1,822	1,041	89.5%	3,351	1,915	76.7%	5,173	2,956	80.7%
Total Class B Equity	215	123	10.5%	1,020	583	23.3%	1,235	706	19.3%
Total Equity	2,037	1,164	100.0%	4,372	2,498	100.0%	6,408	3,662	100.0%